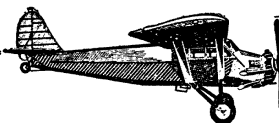


# SCHOOL DISTRICT FLYER

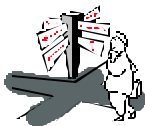


## A Newsletter of the Office of the Auditor General

Issue 25

April 2001

### PROPOSITION 301



Proposition 301 has created many new challenges and opportunities for school districts. The primary impact for districts is additional funding, including Classroom Site Fund monies to be used for teachers' salary increases and for certain maintenance and operation purposes.

Also included in Proposition 301 is an increase in the number of school days from 175 to 180, which will be phased into the school calendar beginning in fiscal year (FY) 2001-02.

As a result of the new sales tax for education, we will be developing accounting and reporting procedures for the new monies and the new Classroom Site Fund, as well as revising the Expenditure Budget and Annual Financial Report. Our Office will also be establishing a school-wide audit team to conduct special audits and monitor the percentage of dollars spent in the classroom. We will communicate these changes to you in a USFR Memorandum we will issue later this year.



### ADMINISTRATIVE COST STUDY

As required by Laws 1999, 1<sup>st</sup> Special Session, Chapter 4, §16, our Office and the Joint Legislative Budget Committee performed a school district administrative cost study.

In our report issued November 28, 2000, we determined that particularly high and low administrative costs per pupil were most frequently caused by districts inconsistently classifying and allocating administrative costs.

To help ensure consistent and accurate reporting, districts should take greater care in recording expenditures in the appropriate functions. When an expenditure applies to more than one function, it should be allocated between the applicable functions. For example, the salary for a district

employee working in the warehouse and also driving a school bus should be allocated between functions 2500 and 2700.

A copy of the administrative cost study can be viewed on our Web site at [www.auditorgen.state.az.us/reports.htm](http://www.auditorgen.state.az.us/reports.htm).



### GASB STATEMENT NO. 34

GASB Statement No. 34 (GASB 34) applies to all districts preparing financial statements for audit. The new reporting requirements of GASB 34 will be phased-in over the next three years, with the largest districts implementing GASB 34 in fiscal year 2001-2002. We will be issuing a USFR Memorandum with specific guidance on the requirements for depreciation, GFA, and financial reporting this spring.

### SINGLE AUDIT REPORTS DUE DATE



As required by the *Single Audit Act Amendments of 1996*, FY 1999-2000 single audit reports were due March 31, 2001. Districts that are required to have a single audit for fiscal year 1999-2000 that have not already submitted these reports to our Office should do so as soon as possible to avoid receiving a 90-day letter. Furthermore, such districts that have not already contracted for a single audit should do so immediately. A copy of the proposed contract must be sent to our Office for approval before the contract is signed and any audit work begins. See USFR Memorandum No. 158 for more information.



### QUESTION & ANSWER



**Question:** Is a district required to follow the School District Procurement Rules and the USFR for E-rate expenditures?

**Answer:** Yes. The School District Procurement Rules and the requirements in the USFR apply to all school district expenditures, including those made with federal grant money (e.g. E-rate Fund money). Additionally, when expending federal grant monies, districts must comply with the individual grant agreements.

The Universal Service Administrative Company's Schools and Libraries Division (SLD) administers the E-rate program and requires districts making E-rate purchases to post Form 470, Description of Services Requested and Certification Form, on the SLD Web site for 28 days prior to contracting for services.

However, the SLD program description states, "...nothing in this process is intended to supplant or replace state or local competitive bidding processes or timeframes."

Therefore, during the 28-day period required by the SLD, districts should also seek bids for the services as required by the School District Procurement Rules if the cost exceeds \$30,724.20. Likewise, for purchases costing at least \$5,000, but not more than \$30,724.20, districts should follow the procurement guidelines in the USFR Section VI-G.



**Question:** Can a district make multiple awards on a bid? A multiple award is defined as an award of an indefinite quantity contract for one or more similar materials or services to more than one bidder or offeror.

**Answer:** In general, districts should not use multiple awards allowing more than one vendor to supply the same goods or services.

However, there are a few cases in which a district may make multiple awards. For example, multiple awards may be made if one vendor is unable to provide the total quantity requested by the district or if different vendors would be used for different geographical regions to obtain the best price.

Multiple awards may also be used to award different items to separate vendors when the items were included in the same invitation for bids (IFB). However, the IFB should clearly state whether multiple awards may be used so that bidders can take this into consideration when pricing their bids.

## **SPOTLIGHT ON** **[WWW.AZLEG.STATE.AZ.US](http://WWW.AZLEG.STATE.AZ.US)**

The 45<sup>th</sup> Legislature, 1<sup>st</sup> regular session kicked off on Monday, January 8<sup>th</sup>. You can be "in the know" by keeping track of bills and related amendments online at [www.azleg.state.az.us/legtext/bills.htm](http://www.azleg.state.az.us/legtext/bills.htm). This site allows you to search bill overviews, introduced bills, and engrossed versions of bills by keyword or bill number.

To track a large number of bills, the Arizona Legislative Information System (A.L.I.S.) Tracking may be more helpful. This Web site provides users (once registered) with personalized bill tracking lists and bill progress reports upon demand. It is located at [alistrack.azleg.state.az.us/AlisTrack.asp](http://alistrack.azleg.state.az.us/AlisTrack.asp).



### **USFR MEMORANDUM UPDATE**

Since our last newsletter, we issued USFR Memorandum No. 175 on average daily membership for kindergarten and first grade based on Arizona Attorney General Opinion No. I00-023. This Opinion clarified that, for the purpose of calculating average daily membership, only programs designed to advance a child to the first grade are considered kindergarten programs. Likewise, only programs designed to advance a child to the second grade are considered first-grade programs.

We also issued USFR Memorandum No. 176 on travel reimbursement rates based on the Arizona Department of Administration's recently revised maximum reimbursement rates for mileage, lodging, and meals and incidentals. The revised lodging and meals and incidentals rates are effective for travel on or after January 1, 2001. The new mileage reimbursement rate of 34.5 cents is effective for travel on or after February 16, 2001.

If you need a copy of these or any current USFR memorandums, please visit our Web site at [www.auditorgen.state.az.us/manuals.htm](http://www.auditorgen.state.az.us/manuals.htm) or call the Accounting Services Division of our Office at (602) 553-0333.